

OPENING STATEMENT
CHAIRMAN MICHAEL BILIRAKIS

March 5, 1997
Hearing on Medicare Home Health

Today, we convene this hearing of the Health & Environment Subcommittee to discuss home health services as provided as part of the Medicare program. It is fitting that we discuss this important issue for a number of reasons:

First, our hearing today comes at a time when the costs of Medicare home health continue to experience extraordinary, explosive growth. **Home health is one of the fastest growing components of Medicare.** Home health spending has grown from **\$2** billion in 1987 to **\$20** billion this year, that's an average growth rate of more than 25% per year. Today, nearly 10% of Medicare beneficiaries use some form of home health services.

Another reason to discuss home health is the President's 1998 budget which has proposed moving home health from Medicare Part A to Part B. If shifted into **Part B as** proposed by the President, home health services would be fully financed by general revenues and would not be subject to the conditions of other Part B services.

We will hear from three panels of witnesses today. Our first panel is Bruce Vladeck, the Administrator of the Health Care Financing Administration. We thank Mr. Vladeck for appearing and we look forward to his testimony regarding the Administration's position.

The second panel will consist of witnesses from the HHS Office of Inspector General, the General Accounting Office, and the Prospective Payment Assessment Commission. They will provide us some insight into the operations of home health.

Finally, we will hear from a third panel of industry representatives who will give us their perspective on the home health benefit.

One of the key issues today will be the implementation of a “prospective payment system” for Medicare home health.

There’s a general consensus that a new payment system is necessary to control the costs of home health. The 104th Congress included in its Balanced Budget Act a “prospective payment system” for home health. Even though the President chose to veto that Act, his recent budget proposal includes a new-payment system for home health. We look forward to learning more about the Administration’s proposals.

Another issue of importance is the problem of fraud in home health services. The GAO has reported that “few home health claims are subject to medical review and most claims are paid without question.” Because of this, the home health sector has often been abused by less scrupulous providers. We look forward to finding **ways** to combat this fraud so that the American people get the best value for their dollar.

Again, I’d like to thank our witnesses for joining us today and I

look forward to hearing their testimony.